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January 10, 2019

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2019 JAN 10 P 3:22

Jeffrey B. Guldner
President
Arizona Public Service Company
400 N. 5th Street
Phoenix, AZ 85004

Arizona Corporation Commission

DOCKETED

Re: Docket No. E-00000V-15-0094

JAN 10 2019

Dear Mr. Guldner:

DOCKETED BY

We write concerning the Request for Proposals (RFP) issued by APS on April 26, 2018. The RFP requested bids for peak generating capacity beginning in summer 2021.

The RFP sought competitive proposals for 400-800 MW from existing or new resources and capped the total capacity from energy storage (ES) or renewable energy and energy storage (RE+ES) technologies at 100 MW. The RFP likewise capped non-supply side capacity that APS would consider at 100 MW.¹

Given these constraints, we assume that the majority of the 400-800 MW in peaking capacity will be procured by APS with gas generation. Last year, the Arizona Corporation Commission declined to acknowledge APS's Integrated Resource Plan (IRP) because it was overly dependent on additional gas generation. Decision No. 76632. In that decision, the Commission also imposed a moratorium on the purchase, acquisition or construction of a gas generating facility of 150 MW or more.

On November 16, 2018, Commissioner Tobin filed a letter proposing an extension of the moratorium so that "the Commission could develop a long-term comprehensive energy plan to give regulated utilities a better sense of the priorities of the Commission for our energy future." On December 6, 2018, Southwest Energy Efficiency Project, Western Resource Advocates, and Western Grid Group filed comments supporting an extension of the gas moratorium.

In our view, any acquisition of gas generation through contract or otherwise would be inconsistent with the Commission's decision regarding APS's IRP, the moratorium imposed by that decision, and the possible extension of that moratorium in the near future. To be consistent with that decision, we believe APS should refrain from purchasing, acquiring, or constructing any gas generation while the Commission evaluates a comprehensive energy policy, including for the duration of the workshops referenced in Commissioner Tobin's letter, or until the date to which the Commission may extend the gas moratorium.

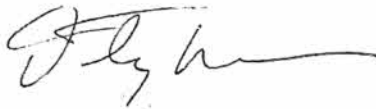
Until that occurs, we believe it would be imprudent for APS to purchase, acquire, or construct any gas generation for all the reasons cited in the Commission's decision to not acknowledge the IRPs, Commissioner Tobin's letter, and the comments filed by SWEEP/WRA/WGG. Our

¹ We believe an all-source RFP, even one that notes the key times when peak capacity is needed, would create a fairer, more competitive platform for APS and stakeholders to evaluate all technologies and resources, and would result in the lowest cost energy for customers.

Page 2 of 2

organizations have concerns about the financial prudence of gas purchases without thorough evaluation of alternatives. We remind APS that expiration of the gas moratorium does not equate to Commission approval of gas procurement. We intend to review any gas purchases and will pursue the public interest affected by any such purchases in appropriate proceedings.

Sincerely,



Timothy M. Hogan
Jennifer B. Anderson
Arizona Center for Law in the Public Interest
514 W. Roosevelt Street
Phoenix, AZ 85003
(602) 258-8850
Attorneys for SWEEP

/s/ Adam Stafford

Adam Stafford
Staff Attorney, Western Resource Advocates
P.O. Box 30497
Phoenix, AZ 85046
(602) 562-9903



Amanda Ormond
Director
Western Grid Group
(480) 227-8312
amanda@westerngrid.net

cc: Chairman Bob Burns
Commissioner Andy Tobin
Commissioner Boyd Dunn
Commissioner Sandra Kennedy
Commissioner Justin Olson
APS Regulatory (via email only)
APS Legal (via email only)